

TENNESSEE LOCAL DEVELOPMENT AUTHORITY
November 29, 2016

The Tennessee Local Development Authority (the “Authority” or “TLDA”) met on Tuesday, November 29, 2016, at 11:00 a.m. in the Legislative Plaza, room LP-29, Nashville, Tennessee. The Honorable Tre Hargett, Secretary of State, was present and presided over the meeting.

The following members were also present:

The Honorable Justin Wilson, Comptroller of the Treasury
 The Honorable David Lillard, State Treasurer
 Commissioner Larry Martin, Department of Finance and Administration
 Dr. Kenneth Moore, House Appointee

The following members were absent:

The Honorable Bill Haslam, Governor
 Mr. Pat Wolfe, Senate Appointee

Recognizing a physical quorum present, Mr. Hargett called the meeting to order.

Mr. Hargett asked for a motion to approve the minutes of the September 21, 2016, TLDA meeting. Dr. Moore made a motion to approve the minutes, and Mr. Wilson seconded the motion. The minutes were unanimously approved.

Mr. Hargett asked Mr. Sherwin Smith, Director of the Tennessee Department of Environment and Conservation (TDEC) SRF program to present the request for a Clean Water State Revolving Fund (SRF) loan. Mr. Smith introduced Ms. Felicia Freeman, Senior Engineer with TDEC and stated she would present the loan request. Ms. Freeman first presented the unobligated fund balance. She stated the balance was \$122,362,688 as of August 11, 2016. This balance increased a total of \$39,729,444 from principal and interest repayments from borrowers, interest earnings on funds held in the State Pooled Investment Fund, the FY16 EPA capitalization grant (net of set-asides), the associated state-match dollars, and reductions to previous loans. Upon approval of the loan request to be presented, the funds available for loan obligations would decrease to \$161,981,714. She then described the loan request:

- Cleveland (CG3 2017-379)—Requesting \$110,418 (\$104,897.10 (95%) loan; \$5,520.90 (5%) principal forgiveness) for green water meter replacements—mobile communicator with video interactive display system; recommended interest rate of 0.88% based on the Ability to Pay Index (ATPI).

Mr. Lillard made a motion to approve the loan, and Mr. Wilson seconded the motion. The motion was unanimously approved.

Mr. Hargett once again recognized Ms. Freeman to present a request for a Drinking Water SRF loan. She first presented the unobligated fund balance. She stated the balance was \$50,382,210 as of September 21, 2016. The balance increased \$1,037,088 due to reductions to previous loans. Upon approved of the loan request to be presented, the funds available for loan obligation would decrease to \$49,954,798. She then described the loan request:

- Smith Utility District (DW5 2016-182)—Requesting \$1,464,500 (\$1,098,375 (75%) loan; \$366,125 (25%) principal forgiveness) for waterline replacements along Main Street and downtown/Cedar Street areas; recommended interest rate of 0.53% based on the ATPI.

Dr. Moore made a motion to approve the loan, and Mr. Hargett seconded the motion. The motion was unanimously approved.

Mr. Hargett stated that the next item was consideration of a request from the Poplar Grove Utility District (the "UD") to issue Waterworks Revenue and Refunding Bonds in an amount not to exceed \$6 million subordinate to its existing SRF loan (DG 14-147). Mr. Hargett recognized Ms. Sandi Thompson, Director of the Office of State and Local Finance ("OSLF") to present the request. Ms. Thompson stated that the OSLF had conducted an analysis and determined that the UD met all requirements set forth in the TLDA's policy and guidance for SRF borrowers (the "Policy and Guidance"). Mr. Wilson asked about the UD's debt service coverage. Ms. Thompson stated that the UD's ratio of net revenues to debt service (the "debt service coverage") was 1.78 times. Mr. Lillard made a motion to approve to request, and Mr. Hargett seconded the motion. The motion was unanimously approved.

Mr. Hargett stated that the next item on the agenda was consideration of a request from the City of Franklin (the "City") to issue Water and Sewer Revenue Bonds in an amount not to exceed \$12 million on parity with its existing SRF loans (CW 09-250, DW 09-097, DW 16-374, DW 16-367). He asked Ms. Thompson to present the request. Ms. Thompson stated that the OSLF has conducted an analysis, and the City met the criteria set forth in the Policy and Guidance. She stated that the City had voluntarily agreed to maintain 1.25 times debt service coverage; whereas, the Policy and Guidance only required a minimum of 1.2 times debt service coverage. Ms. Thompson stated that the City intends to borrow more from the SRF loan program soon. Mr. Hargett made a motion to approve the request, and Mr. Martin seconded the motion. Dr. Moore, who is also Mayor of the City, abstained due to a potential conflict of interest. All other members voted in favor of the request. The motion was approved.

Hearing no other business, Mr. Hargett adjourned the meeting.

Approved on this 10th day of February, 2017.

Respectfully submitted,



Sandra Thompson
Assistant Secretary